

Minutes of Meeting
Health Services Council
Project Review Committee-II

DATE: 30 September 2004

TIME: 3:00 PM

LOCATION: Health Policy Forum

ATTENDANCE:

Committee II: Present: Maria R. Gil, Robert J. Quigley (Chair), DC, Larry Ross, Reverend David Shire

Not Present: Victoria Almeida (Vice Chair), Raymond C. Coia, James Daley, Rosemary Booth Gallogly, Wallace Gernt, Catherine E. Graziano, Denise Panichas

Staff: Valentina D. Adamova, Michael K. Dexter

Public: (see attached)

1. Call to Order and Approval of Minutes

The meeting was called to order at 3:00 PM. Staff noted that conflict of interest forms are available to any member who may have a

conflict.

2. General Order of Business

The first items on the agenda were the applications of Riverview Nursing Home, Inc. d/b/a Riverview Healthcare Community for a Change in Effective Control of Laurel Foster Home, Inc. d/b/a Laurel Health Care Center and the application of Riverview Nursing Home, Inc. d/b/a Riverview Healthcare Community for a Certificate of Need to increase its licensed bed capacity through acquisition of Laurel Foster Home, Inc. d/b/a Laurel Health Care Center.

Staff noted that both of the nursing facilities have common ownership by Mr. Ryan. Staff noted that these applications are being reviewed pursuant to a change in the law that occurred during the last legislative session whereby providing for the ability to merge or consolidate two healthcare facilities providing that they met a certain criteria, one of which is that they are in the same community or municipality. Staff stated that this evolved from the change in the legislation, an additional exemption in the nursing facility moratorium, which would allows a facility to increase its bed capacity. Staff noted that a notice was received from the Department of Human Services on 29 July 2004, which said that ‘given the above, and the fact that subsequent reimbursement rates for Riverview Healthcare Community will be decreased in proportion to the increase

in their beds, the project appears to be affordable'. Staff noted that it is the understanding of Medicaid that there wouldn't be any additional beds, and a letter was sent to clarify that Laurel Foster has the ability to increase its bed capacity by 10 beds or 10% which ever is greater, as allowed under the moratorium, and that 70 beds would be transferred as part of this transaction. Staff noted that Medicaid hasn't sent it a formal memo but they are aware of this and support this project. Staff stated that the \$850,000 in acquisition costs wouldn't be put forward for reimbursement from Medicaid.

Mr. Ryan introduced Mr. Cage, Administrator of Riverview Nursing Home, Inc. ("Riverview") and Ms. Carragher, accountant for Health Concepts, Ltd. Mr. Ryan stated that Laurel Health Care Center ("Laurel") is 100 years old, and has been renovated and improved to the limit. He noted that 5 years ago there was an approval to move the facility but due to the high building costs the proposal was not possible to do based on the amount of reimbursement. He stated that Riverview is 2 miles away from Laurel and has a nursing wing that could be used to serve Laurel's purposes. He noted that presently that wing houses assisted living ("AL") beds which has not worked out as a feasible program for Riverview.

The Chairman inquired whether all of the AL beds would be closed. Mr. Ryan stated that all of the AL beds would be closed but many of the AL residents would be admitted into Riverview as nursing home patients because they qualify. He noted that not all of AL residents would be relocated. He stated that Laurel would close as a licensed

healthcare provider and presently has many variances and waivers due to fire safety and room sizes, and is a building that has reached its limit.

Mr. Shire stated that he is concerned about the ability of the AL residents to find alternative quarters. Mr. Gage stated that Alliance for Long Term Care (“Alliance”) would be involved in this process. He noted that the AL facility has 38 apartment units, and a licensed capacity of 72, but its current occupancy is around 70%. He noted that there has been additional construction around Riverview of upscale AL facilities with which Riverview cannot compete because its AL units were designed as studio units. He stated that many of the AL residents are on waivers, SSI or Medicaid, and already qualified as nursing home residents. He stated that many of those residents would convert back to their nursing home level of care. He stated that some of the younger residents would probably be relocated because a nursing home would not be the most age appropriate setting for them. He stated that if this project were approved early it would be possible to give a 60-day notice instead of the minimum 30 days to the residents that the facility would be closing.

Mr. Shire requested that the applicant provide data with regards to those residents that would stay and those that would require relocation.

To the question regarding capital costs, Ms. Garragher stated that

they include a portion of the original cost of the building back in 1997 that was allocated to the AL unit. She noted that there is no new construction proposed rather it is new to the Medicaid program. She stated that there would be about \$200,000 in additional renovation costs to convert AL area into a nursing home. Mr. Ryan stated that the renovations include a nursing station and some furniture.

To the question regarding the transfer of residents, Mr. Gage stated that Riverview is a beautiful building that will increase Laurel residents' quality of life. He noted that some people might choose to go to another facility but he expects that many would choose to remain. He stated that if there would be excess demand residents would be placed in the available beds at the existing nursing units at Riverview.

To the question regarding the number of beds that would be Medicare certified, Mr. Gage stated that all of the additional 70 beds would be certified. He stated that Riverview has some special care units, in the existing nursing home, such as 20 sub acute beds and 20 Alzheimer beds, which would be expanded because there is demand in the community.

Mr. Ross inquired as to the timing sequence for the approval of the CEC and CON applications. Staff stated that the approval for the CON cannot happen unless there is also approval for CEC because the exemption to the moratorium requires that the applicant first acquire

other facilities.

Staff inquired as to how a person qualifies under the Medicaid waiver program for AL services if they also qualify for a nursing facility services. Mr. Gage stated that the only way into the Medicaid waiver program is to first qualify as a nursing home patient. He noted that such patients qualify medically and financially and then they are offered a waiver similar to waivers where patients meet the long-term care criteria and are instead offered a waiver to stay home with some extra services provided by the state. To the question regarding the SSI waiver program, Mr. Gage state that such residents would have to reapply and the Alliance would be working to help get the applications approved in advanced. He stated that if a person is approved they have 60 days to move into a nursing home.

To the question regarding the AL payor mix, Mr. Gage stated that 2/3 pay out of pocket, and 1/3 are either on a SSI or Medicaid waiver program and such residents pay an applied income just like a nursing home patient and the state supplements the difference to a certain level. He stated that the SSI program pays \$1,000 a month and self-pay pay from \$1,900 to \$3,000 a month. Mr. Gage stated that self-pay residents would have no problem finding other facilities if they choose to relocate.

Staff inquired as to the financial status of Riverview. Mr. Ryan stated that the facility is doing fine and would do even better if 70 skilled

nursing home beds are added. The Chairman requested that the applicant submit a balance sheet for the current year.

Staff noted that Riverview would be paying Laurel 20% of \$850,000 in equity and requested that the applicant provide evidence that will show that the equity transfer from Riverview to Laurel for the purchase of Laurel's license occurred. The Chairman requested that the applicant identify the current value of Riverview.

To the question regarding a time frame for conversion of beds, Mr. Gage stated it would take approximately 90 days. He noted that both Laurel's nursing home license and Riverview's AL license would be surrendered on the same day that Riverview would become a licensed nursing facility for 190 beds.

Mr. Ross requested that the applicant break down capital costs separately for those that already occurred and for the additional renovations. Staff noted that the applicant distributed a hand out with an executive summary regarding these applications, which includes additional information. The next meeting for these applications was tentatively schedule for 14 October 2004.

There being no further business the meeting was adjourned at 3:40 PM.

Respectfully submitted,

Valentina D. Adamova